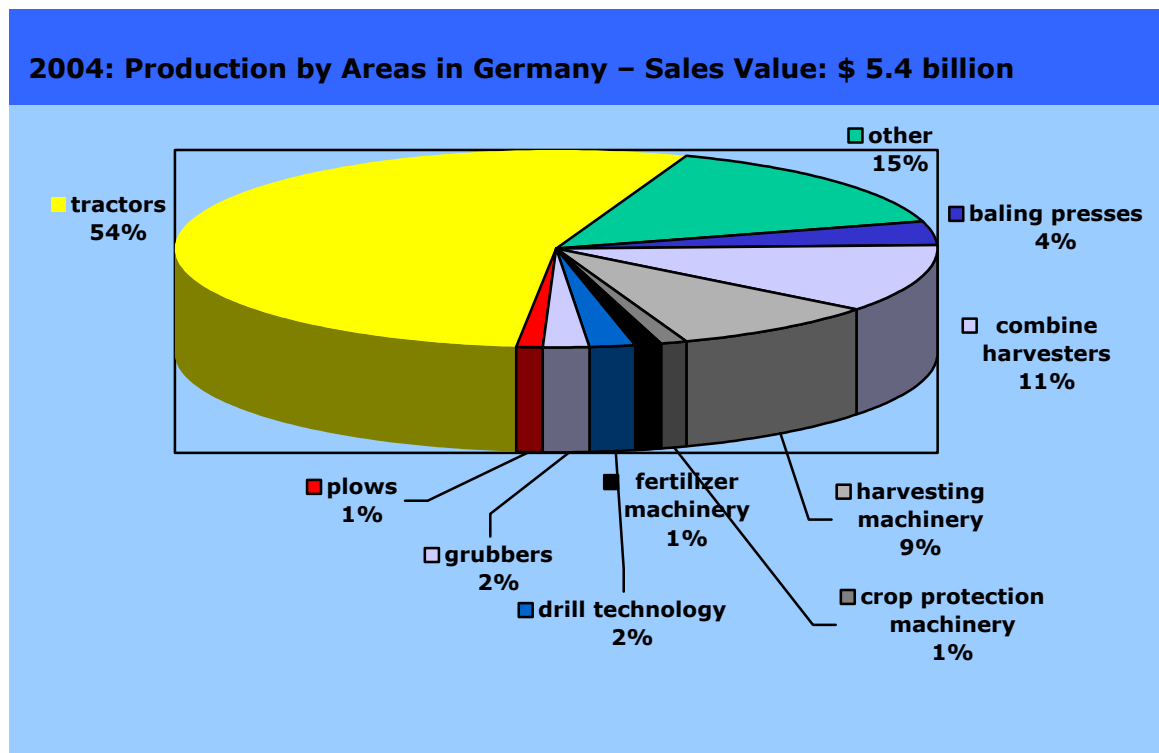


Summary

Demand for domestic agricultural technology has been stagnating for several years. Although production has significantly increased recently, German manufacturers primarily benefit from demand from abroad. Especially harvesting technologies seems to be in demand.

A. German Production: 15 percent Record Growth in 2004

Sales of German agricultural technology increased by a considerable 15 percent to USD 5.4 billion in 2004. Production rose to a new high, even exceeding the record year 2002. Demand from abroad increased by 22 percent.



source: VDMA

Production grew by 9 percent in 2004 to USD 2.5 billion. Domestic demand stagnated in the second half of 2004, exports, however, rose by 14 percent. The production of machines for cultivation (with the exception of plowing), sowing, and fertilizing, as well as those for plant protection and potato harvesting, increased considerably. Production components (such as gears) also experienced growth. Production is mainly focused on harvesting technology, particularly on soilage machinery, baling presses, as well as self-propelled field shredders. . Production of tractors rose above average compared to other machinery, reaching a sales volume of USD 2.94 billion.

Growth continued in the first quarter of 2005 with a rate of 8 percent. Incoming orders for spring, however, seem to indicate weaker growth for the remainder of the year.

Production in Germany (volume)			
Units	2003	2004	change
Tractors (2-axel)	51.407	59.236	15,2%
Combine Harvesters	5.710	5.095	-10,8%
Field Shredding Machinery	1.846	1.870	1,3%
Reapers	17.157	17.912	4,4%
Swaths and Separators	28.070	27.470	-2.1%
Presses	6.069	6.039	-0,5%
Plows	2.845	2.636	-7,3%
Fertilizer Sprayers	14.701	15.723	7,0%
Sowing Machinery	6.564	7.625	16.2%
Pesticide Machinery	1.799	2.162	20,2%

source: VDMA

B. Germany: World Champion in Exports

The German agricultural industry was driven by exports: Exports of agricultural machinery increased by 22 percent in 2004 to USD 4.1 billion. Western European countries are still the main markets for German industry. Almost 60 percent of machinery production (70 percent of tractor production) went to West European markets. 18 percent of the entire German exports went to France (French demand for German tractors increased by 28 percent), followed by the United States (11 percent), and Great Britain (8 percent). Eastern Europe is in the process of becoming a key-region for exports: Experts expect demand for new or used German technology, especially for harvesting machinery, to increase in that region.

C. Domestic Demand: Signs of Recovery

Domestic demand shrank by 5 percent to USD 3 billion in 2004, which is exceptional for Europe, where investment in agricultural technology generally increased compared to 2003. Uncertainty about political issues coupled with factors such as the Mad Cow Disease, low pork prices, and, until recently, sinking milk prices, made it difficult for German farmers to invest.

Demand for tractors proved to be relatively robust in 2004, but harvesting machinery decreased by 15 percent and reached a historical low-point. Self-propelled field-shredding machines, round balers, mowing machinery, swaths and separators all experienced declining sales. Other sectors suffered from low prices and saw declining revenues despite increasing production volumes. All other segments, such as plowing and other cultivating machinery, manure and pesticide distribution equipment experienced decreases.

Market Volume in Germany (Units)			
	2002	2003	2004
Tractors	24.637	21.869	22.143
Combine harvesters	2.789	2.205	1.874
Presses	2.001	2.192	2.022
Field shredding machinery	401	341	358
Mowing machinery	11.908	11.228	10.291
Swaths and separators	11.769	10.369	9.140

source: VDMA

D. Market Access

Promotional Opportunities - Trade Fairs

Trade fairs play a major role in product marketing in Germany. U.S. companies wishing to penetrate the German market often make their first approach at major trade fairs. Exhibiting at fairs can bring direct sales, but, more significantly, it can be one of the least expensive ways to test the market's receptivity for agricultural products and related goods. Furthermore, the strength and scope of the competition in this branch of industry can be assessed and contacts with others "in the trade" can be established. From these contacts, U.S. companies can gather a great deal of valuable information about marketing in Germany and Europe.

Eurotier 2006

Eurotier is held biannually and will take place November 14-17, 2006 in Hannover. In 2004, Eurotier saw 110,000 visitors (25 percent from outside Germany) and 1,400 exhibitors, with every fourth visitor coming from outside Germany.

www.eurotier.de

Agritechnica 2007

The international exhibition for agricultural machinery, Agritechnica 2007, takes place in Hannover from November 13-17, 2007 and will attract German and international manufacturers and potential users of agricultural machinery. Agritechnica 2007 will feature more than 1,300 exhibitors from over 30 different countries (including the United States)

<http://www.agritechnica.com/>

Both fairs listed above are organized by:

Deutsche Messe AG

Messegelände

30521 Hannover

Germany

Managing Director: Mr. Peter Rippen

Phone: 49-511-89-0

Fax: 49-511-89-32626

www.messe.de

Deutsche Messe AG has a subsidiary in the United States:

Hannover Fairs USA

103 Carnegie Center Princeton

NJ 08540

Phone: 609-987-1202

Fax: 609-987-0098

www.hfusa.com

GaLaBau Another important trade fair for the agricultural industries is GaLaBau, taking place in Nuremberg September 13-16, 2006. It had over 49,000 visitors and more than 890 exhibitors in 2004. It is Europe's biggest trade fair for landscaping, and saw an exhibitor increase of 5 percent in 2004 compared with 2002.

<http://www.galabau.de/>

Organizer:

NürnbergMesse GmbH

Messezentrum

90471 Nürnberg

Germany

Managing Director: Mr. Bernd Diederichs

Phone: 49-911-8606-0

Fax: 49-911-8606-8228

Email: info@nuernbergmesse.de www.nuernbergmesse.de *Germany's Fertilizer Industry*

IGW (International Green Week Berlin) takes place January 13-22, 2006 in Berlin. It features the food, agricultural and horticultural industries and attracted over 440,000 visitors and 1,500 exhibitors in 2005,

http://www1.messeberlin.de/vip8_1/website/MesseBerlin/htdocs/www.gruenewoche.de/index_d.html

Organizer:

Messe Berlin GmbH

Messedamm 22

14055 Berlin

Germany

Managing Director: Mr. Bjoern Bieneck,

Phone: 49-30-3038-2026

Fax: 49-30-3038-2019

Email: igw@messe-berlin.de

www.messe-berlin.de

E. Key Contacts

Associations

Associations play an important role in the German industry. While they represent the interests of their members, they also provide useful market information. Some of the major associations active in the agricultural industry are:

Bundesforschungsanstalt für Landwirtschaft – FAL

Institut für Marktanalyse und Agrarhandelspolitik

(Federal Agricultural Research Center - Institute of Market Analysis and Agricultural Trade Policy)

Bundesallee 50

38116 Braunschweig

Germany

Phone: 49-531-5965301

Fax: 49-531-5965399

E-Mail: ma@fal.de

www.ma.fal.de

Activities include research on national, EU and world agricultural and food markets with a focus on agricultural market analysis and assessment of trade policies.

Zentralstelle für Agrardokumentation und -information – ZADI

(German Center for Documentation and Information on Agriculture)

Villichgasse 17
53177 Bonn
Germany
Phone: 49-228-95480
Fax: 49-228-9548111
Email: zadi@zadi.de
www.zadi.de

ZADI is the scientific information institute of the Federal Ministry of Consumer Protection, Food and Agriculture (BMVEL).

Zentrum für Agrarlandschafts- und Landnutzungsforschung – ZALF

(Leibniz-Center for Agricultural Landscape and Land-use Research)

Eberswalder Strasse 84
15374 Müncheberg
Germany
Phone: 49-33432-820
Fax: 49-33432-82223
Email: zalf@zalf.de
www.zalf.de

The Leibniz-Center for Agricultural Landscape and Land Use Research (ZALF) has been in existence since the beginning of 1992. The primary scientific objective of the ZALF is to analyze, evaluate and predict processes and their interactions in agricultural landscapes of the Northeast-German lowlands. Based on the knowledge of functional relationships within ecosystems, concepts for the use and organization of landscapes are developed.

Verband deutscher landwirtschaftlicher Untersuchungs- und Forschungsanstalten – VDLUFA

(Association of German Agricultural Analysis and Research Institutes)

c/o LUFA Speyer
Ober Langgasse 40
67346 Speyer
Germany
Phone: 49-6232-136121
Fax: 49-6232-136-110
Email: info@vdlufa.de
www.vdlufa.de

VDLUFA, with its headquarter in Darmstadt, is an alliance of agricultural and dairy analysis and research institutes, university research centers, and German federal research institutes.

Industrieverband Agrar e. V. – IVA
(Association of the Agricultural Industry)

Karlstrasse 21
60329 Frankfurt am Main
Germany
Phone: 49-69-2556-1249
Fax: 49-69-2556-1298
Email: service.ifa@vci.de
www.iva.de

IVA consists of 50 member companies, which are active in the agricultural and horticultural fertilizer and pest management sectors.

Deutsche Landwirtschaftsgesellschaft – DLG
(German Agricultural Society)

Eschborner Landstr. 122
60489 Frankfurt am Main
Germany
Phone: 49-69-247880
Fax: 49-69-24788110
Email: info@dlg-frankfurt.de
www.dlg.org

DLG is a non-profit organization representing companies from the agricultural sector.

Verband der deutschen Landwirtschaftskammern e. V.
(German Association of the Chambers of Agriculture)

Godesberger Allee 142-148
53175 Bonn
Germany
Phone: 49-2 28-30 80-10
Fax: 49-228-3080-110
Email: vlk-bonn@t-online.de
www.landwirtschaftskammern.de

The German Association of the Chambers of Agriculture coordinates the cooperation between its members and agricultural administrations in the individual states of Germany.

A more detailed listing of associations is available from CS Leipzig upon request. (For contact information, please see below.)

For More Information

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U.S. Commercial Service
Ms. Andrea Diewald
Wilhelm-Seyfferth-Strasse 4
04107 Leipzig
Germany

Phone: 49-341-213-8431
Fax: 49-341-213-8441
Email: Andrea.Diewald@mail.doc.gov
<http://www.buyusa.gov/germany/en>

For more information:

The U.S. Commercial Service can be contacted via e-mail at:
leipzig.office.box@mail.doc.gov, website: <http://www.buyusa.gov/germany/en/>.

You can locate your nearest U.S. Export Assistance Center, as well as Commercial Service offices overseas by visiting www.buyusa.gov.

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